



Environmentally Preferable Purchasing Guidelines

<Translation of Japanese 8th Edition>



December 2024

TOYOTA INDUSTRIES CORPORATION

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1. Introduction

Toyota Industries would like to express our heartfelt gratitude to you, our partners and suppliers, for your consistent and extensive cooperation in the production, purchasing, and other Toyota Industries' business activities.

The global environmental crisis has reached a critical point, with issues such as climate change, resource scarcity, and biodiversity loss becoming increasingly urgent.

In many countries around the world, a variety of regulations have been introduced and activities have been enhanced to minimize the environmental impact of products throughout their entire life cycles.

The Japanese government is also making efforts to achieve the goal of "carbon neutrality by 2050" and strengthening of resource recycling policies, and companies are required to take more proactive measures to reduce the environmental impact of their business activities.

Toyota Industries is committed to actively addressing these issues as a business enterprise.

As the initiative of the activities, we set the "Global Environmental Commitment", which is our concrete environmental action agenda. This commitment was made based on our basic philosophy: "Toyota Industries believes that economic growth and conservation of the natural environment are compatible. It strives to offer products and services that are clean, safe, and of high quality."

Furthermore, we released our environmental vision where an "Ideal State in 2050" is set for each of the 4 pillars in the Global Environmental Commitment, namely "Establishing a carbon neutral society", "Establishing a recycling-based society", "Establishing environmental risk reduction and a society in harmony with nature", and "Promoting environmental management". We will work on the challenge of achieving these targets.

Finally, Toyota Industries would like to ask your kind understanding and cooperation with our concepts for environmental measures that include our supply chain.

Hiroaki Matsuda, Senior Executive Officers
Purchasing Department, TICO

A handwritten signature in black ink, reading '松田 裕昭' (Matsuda Hiroaki).

2. Environmental Policies

1) Basic Philosophy

Toyota Industries establishes its basic philosophy based on the thoughts of Sakichi Toyoda, the founder of the Toyota Industries Group.

The basic philosophy upholds environmental conservation and quality among its top priorities, and it states, “Toyota Industries believes that economic growth and conservation of the natural environment are compatible. It strives to offer products and services that are clean, safe, and of high quality.”

In accordance with the basic policy, Toyota Industries devised the first “Environmental Action Plan” in 1993, which clarified action guidelines and concrete goals. Toyota Industries periodically revises the Action Plan and actively implements environmental activities throughout all the company’s business activities from product development to production, logistics, sales, and services.

Basic Philosophy

Respect for the Law

Toyota industries is determined to comply with the letter and spirit of the law, in Japan and overseas, and to be fair and transparent in all its dealings.

Respect for Others

Toyota Industries is respectful of the people, culture, and traditions of each region and country in which it operates. It also works to promote economic growth and prosperity in those countries.

Respect for the Natural Environment

Toyota Industries believes that economic growth and conservation of the natural environment are compatible. It strives to offer products and services that are clean, safe, and of high quality

Respect for Customers

Toyota Industries conducts intensive product research and forward-looking development activities to create new value for its customers.

Respect for Employees

Toyota Industries nurtures the inventiveness and other abilities of its employees. It seeks to create a climate of cooperation, so that both employees and the company can realize their full potential.

2) Global Environmental Commitment

Toyota Industries established “Global Environmental Commitment”, which signifies concrete environmental action agenda based on basic philosophy and share and practice the commitment in the Toyota Industries Group. We, the Toyota Industries Group will contribute the materialization of “Building a sustainable society” with activities aiming at “Carbon neutral society”, “Recycling-based society”, and “Environmental risk reduction and society in harmony with nature” based on the environmental management.

Global Environmental Commitment

【Basic Environmental Philosophy】

- We will strive for the preservation of the Environment across all of our business activities and will work to develop, establish and promote technologies that are compatible with both the environment and economic activity, aiming to create a rich natural environment for future generations while establishing a sustainable society which enables the harmonious coexistence of nature with our daily lives.

【Guiding Principle】

- We will continue to set challenging targets for further reduction of the environmental impact of our business operations, while at the same time listening carefully to the voices of our customers and stakeholders and acting in compliance with the letter and spirit of laws and regulations.
- We will place the following four items as the highest priority among environmental activities and proactively work on each item.
 - Establishing a carbon neutral society:
 - Setting the prevention of global warming as our highest priority,
 - We will press forward the development of products and technologies for pursuing superior energy efficiency throughout the lifecycle of products
 - We will reduce the energy consumption and to implement production activities that reduce the amount of unwanted substances.
 - Establishing a recycling-based society;
 - We will promote the effective use of resources at the developing stage of products.
 - We will seek to minimize our resource consumption and to implement production activities that reduce the amount of unwanted substances,
 - Reducing environmental risk and establishing a society in harmony with nature:
 - We will strive to use more environmentally friendly chemical substances in our products.
 - We will seek to minimize environmental risks by working to develop environmentally burden free production activities.
 - We will evaluate and understand how business operations impact biodiversity and take actions based on the results.
 - Promoting environmental management;
 - We will develop environmental specialists who can take the initiative and extend environmental awareness not only to our employees, but also to their families and communities.
- We will aim to foster greater communication and teamwork within a wide range of partnerships, including those with customers, suppliers, in order to promote sustainable management of the environment. In addition, the Toyota Industries Group will act as an upstanding corporate citizen, taking an active part in the planning of activities that contribute to various regional communities as well as to our global society.

～Our overview of Global Environmental Commitment～



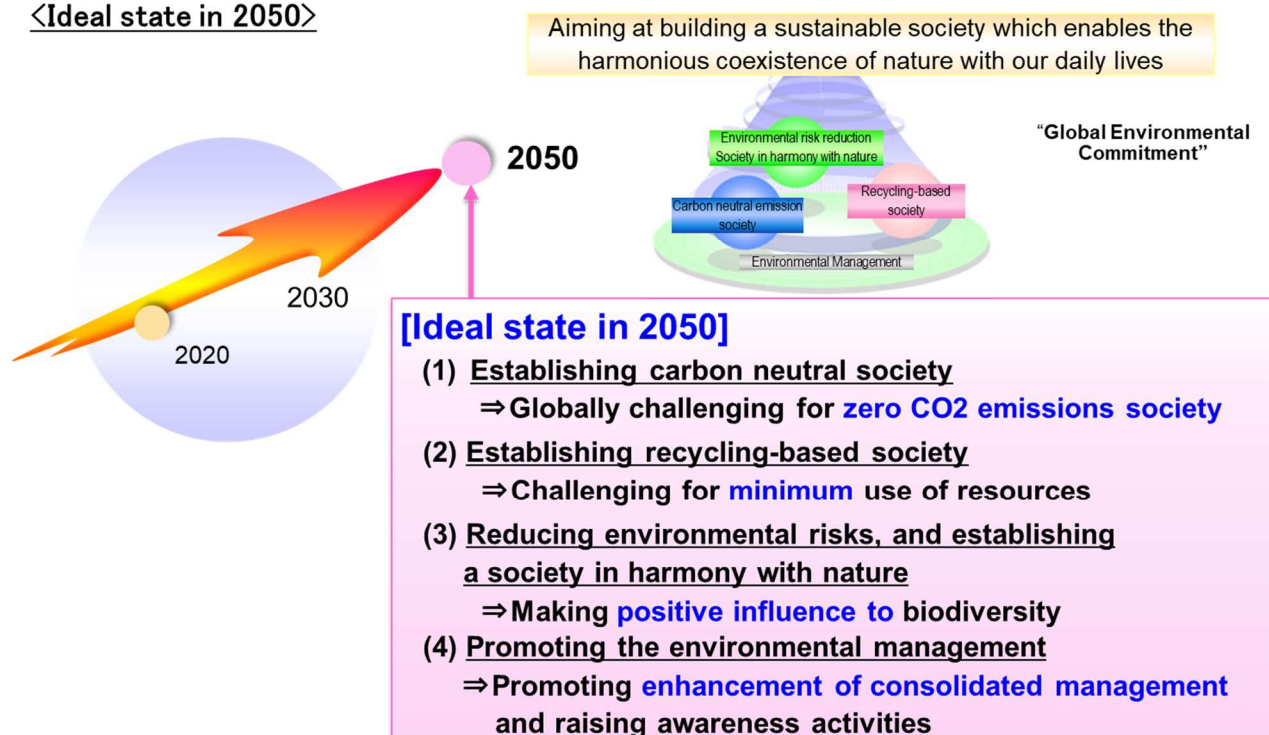
March 25, 2021
Toyota Industries Corporation

3) Environmental Vision (Ideal State in 2050)

Toyota Industries formulated an environmental vision where “Ideal State in 2050” is set for each of the 4 pillars in the Global Environmental Commitment, namely “Establishing a carbon neutral society”, “Establishing a recycling-based society”, “Establishing environmental risk reduction and a society in harmony with nature”, and “Promoting environmental management”.

We will enhance measures for “Establishing a carbon neutral society” in particular and accelerate our efforts toward achievement of a CO2 zero emission society in 2050.

<Ideal state in 2050>



3. Policies on Environmentally Preferable Purchasing

1) Purchasing Policies

Along with offering customers clean and safe products that are good for the global environment, Toyota Industries is also promoting environmental conservation activities that extend throughout the company's business operations.

Therefore, it is the basic policy of Toyota Industries to conduct what is termed "Environmentally Preferable Purchasing" and purchase from suppliers who are conscious of the global environment. Toyota Industries gives top priority to procurement from suppliers who establish environmental management systems and conduct environmental impact reduction activities such as reduction of greenhouse gas emissions, resources recycling, reduction of environmental risks, and conservation of biodiversity, in addition to conventional quality, cost, and delivery (QCD).

Item	Purchasing Policy	Request to Suppliers
Management	Given priority to procurement from suppliers who have established environmentally conscious management system.	Acquire certification of an environmental management system from a third-party authority.
Items purchased	Purchase products, components, raw materials, indirect materials, equipment / construction with minimal environmental impact.	Manage and reduce the amount of substances of concern used. -Report detailed information on the content of specified substances of concern. -Pledge and enforce the nonuse of prohibited substances.



2) Outline of Requests to Suppliers

At Toyota Industries, in conducting environmentally preferable purchasing, we request that suppliers implement individual environmental measures based on their industrial classification. The table below contains our Industries Specific Requests to suppliers. If you have any questions, please contact the division you deal.

		Supplier					See page	Documents to submit	When to submit documents
		Products or components	Raw materials or indirect materials	Packing materials	Equipment, construction, cleaning, or landscaping	Logistics			
Environmental management	Compliance with environmental laws and regulations	○	○	○	○	○	7	(Notifying the timing individually)	On request by TICO
	Establishment of an environmental management system (Activities in the entire supply chain)	○	○	○	○	○	7	[EMS Certification Survey Form]	On request by TICO
	Promotion of environmental management in the entire life cycle	○	○				7	(Notifying the timing individually)	On request by TICO
Establishing a carbon neutral society	Energy conservation, reduction of greenhouse gases	○	○	○	○	○	8	(Notifying the timing individually)	On request by TICO
	Report of component manufacturing data	○					8	[Component Manufacturing Environmental Data]	On request by TICO
	Reduction / reporting of amounts of CO2 and packing / packing materials					○	8	[Logistics CO2 Emissions Report]	Beginning of each month (Previous month's data)
Establishing a recycling-based society	Effective use of resources	○	○	○	○	○	9	-	-
	Report of component manufacturing data	○					9	[Component Manufacturing Environmental Data]	On request by TICO
Environmental risk reduction and Establishing a society in harmony with nature	Self-inspection of a management system for substances of concern	○	◇				10	[Check Sheet for Management System for Substances of Concern]	On request by TICO
	Products	Submission of [Prohibited Substances Declaration]	○	◇			10	[Prohibited Substances Declaration]	On inception of new business relationship
		Nonuse of prohibited substances and switching to substitutions	○	◇			10	(Notifying the timing individually)	On request by TICO
		Information services on inclusion of chemical substances in products	○	◇			10	Information on substances of concern (「IMDS data」 or 「JAPIA sheet」)	When planning adoption of a new raw material or indirect material
	Production	Management of substances of concern used in Toyota Industries' factories and logistics bases		○	○	○	11	[Safety Data Sheets (SDS)] and [Raw Material Composition Reports]	On request by TICO
		Conservation activities of biodiversity	○	○	○	○	11	(Notifying the timing individually)	On request by TICO

○: All suppliers

◇: Some suppliers only; on request by Toyota Industries

(*): For materials, chemical agents, etc., used by plants or equipment

- Products or components
Suppliers who concluded treaties with TICO: [Basic Contract Document of Components] and [OEM Basic Contract Document]
- Raw materials or indirect materials
Suppliers who concluded a treaty with TICO: [Basic Contract Document of Resources]
- Packing or packing materials
Some suppliers who concluded treaties with TICO: [Basic Contract Document of Components], [Basic Contract Document of Resources], and [Basic Contract Document of Consignment]
- Equipment, construction, cleaning, or landscaping
Suppliers who concluded treaties with TICO: [Basic Contract Document of Machine and Equipment], [Basic Contract Document of Construction Contracts], and [Basic Contract Document of Consignment]
- Logistics
Suppliers who concluded a treaty with TICO: [Basic Contract Document of Transportation]

4. Environmentally Preferable Purchasing Guidelines

1) Environmental Management System Promotion

(1) Philosophy

Toyota Industries promotes environmental conservation activities with whole supply chain based on the policies on environmentally preferable purchasing. Therefore, we would like to ask our suppliers to comply with environmental laws and regulations, in addition, we request the establishment of an environmental management system and promotion of environmental management with consideration for the entire life cycle from the development phase.

(2) Request Items

① Compliance with Environmental Laws and Regulations

Toyota Industries request that our suppliers strictly obey environmental laws and regulations based on your environmental management system and upon identifying the risk factors in your business activities, implement sound preventive measures.

② Establishment of Environmental Management System

Toyota Industries manages environmental conservation activities and promotes continuous improvement.

We would like to ask our suppliers to promote environmental conservation activities, establish a sustainable environmental management system, reduction of environment risks, and improvement of environmental performances.

Moreover, we would like to ask our suppliers to acquire and conduct continuous update of certification survey of environmental management system (For instance [ISO14001](*)) for dependable environmental management.

(*) Please contact us if you are not certain of relevant laws and regulations.

Furthermore, for the realization of an environmental management in the entire supply chain, we hereby add a request for our suppliers regarding their business partners, namely checking the environmental management system of their business partners and providing assistance and guidance to these partners. We also request our suppliers deploy the environmental management system to these business partners and provide education if necessary.

Please understand we will check with our suppliers on the status of establishment of the environmental management system.

③ Promotion of Environmental Management in the Entire Life Cycle

Toyota Industries has been working on reducing its environmental impact with consideration for the entire life cycle. Therefore, we ask that our suppliers take action regarding the “Outline of Requests to Suppliers” on page 6 with consideration for the contents of “Establishing a carbon neutral society”, “Establishing a recycling-based society”, and “Establishing environmental risk reduction and a society in harmony with nature” in the entire life cycle.

2) Establishing a Carbon Neutral Society

(1) Philosophy

To contribute the establishment of a carbon neutral society, Toyota Industries is striving to develop products and technologies, which pursue maximum environmental performance through the life cycle of our products, and minimize greenhouse gas emissions by reducing energy consumption and using clean energy in every aspect of our business activities at our sites. Therefore, our suppliers are also requested to make active efforts to reduce greenhouse gas emissions.

(2) Request Items

① Energy Conservation and Reduction of Greenhouse Gas Emissions

Toyota Industries request that our suppliers practice energy conservation in their business activities, such as development, manufacture, and transportation of products and take steps to reduce the amount of greenhouse gas emissions, such as CO₂ and CFCs. We may ask you to provide the data of greenhouse gas emission.

② Report on Component Manufacturing Data

Toyota Industries uses the life cycle assessment (LCA) methods for evaluating the environmental impact of a product or component throughout its life cycle and uses this as an indicator of environmental efficiency as we strive to promote the development of environmentally friendly products. The implementation of LCA requires environmental data about the manufacturing of the products, such as the amount of energy used, the amount of waste materials, and the amount of emissions, including CO₂ and NO_x, released into the environment. Accordingly, we ask that you provide accurate reports based on our requests.

③ Reduction of CO₂ Emissions and Packaging Materials in Logistics

i) Logistics Performed at the Request of Toyota Industries

The transportation of freight accounts for approximately 10% of Japan's total energy consumption, and as a result, reducing this consumption of energy is a major issue. Accordingly, Toyota Industries is striving to reduce the amount of CO₂ emissions, packing materials from logistics. In order to accurately control the amount of CO₂ emissions by logistics and make improvements, we are requesting that companies who have been asked to transport or carry the products, manufacturing components, and supply parts for Toyota Industries analyze their performance in regard to the amount of CO₂ emissions created by these consignment logistics and the indicators that form its basic units (the amount of fuel used, distance traveled, actual fuel mileage, transport weight, and type of truck) and provide monthly report.

<Documents to Submit to Toyota Industries and When to Submit Them>

Document to submit	When to submit
Logistics CO ₂ Emissions Report	Beginning of each month(for previous month)

ii) Delivery Logistics

Suppliers that deliver parts, raw materials, or supplementary materials to Toyota Industries are requested to take measures to reduce CO₂ emissions from their delivery logistics. They are further requested to cooperate with Toyota Industries in implementing the initiatives to reduce the use of packaging materials.

3) Establishing a Recycling-based Society

(1) Philosophy

In order to contribute establishment of a recycling-based society, Toyota Industries is striving to reduce its environmental impact by controlling the consumption of raw materials and natural resources such as water. Furthermore, we take steps to reduce waste materials thoroughly as possible and strengthen monitoring of waste treatment. Our suppliers are also requested to strive to use resources efficiently and properly dispose waste materials.

(2) Request Items

① Effective Use of Resources

In order to efficiently use resources, we request the following to you.

- i) Reduce the amount of waste materials by such means as reducing the amount of material used, reusing resources and promoting recycling.
- ii) Reduce the amount of water used.
- iii) Properly treat waste materials. (Prevent illegal waste disposal)
- iv) Reduce the amount of packing materials used for shipping materials, components and products.

② Report on Component Manufacturing Data

Toyota Industries is conducting evaluations of recycling of products and components and requires component manufacturing environmental data. Accordingly, we ask that our suppliers provide accurate component manufacturing environmental data based on our requests.

4) Reducing Environmental Risk and Establishing a Society in Harmony with Nature

(1) Philosophy

Legal provisions for chemicals have been strengthened increasingly in the world.

Toyota Industries has been practicing restriction of use with various legal provisions and voluntary regulation for manufacturing. In addition, we are establishing structures for obligation of information disclosure such as Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) and Waste Framework Directive (WFD) in Europe.

Furthermore, Toyota Industries is placing emphasis on reducing the use and discharge of substances that have the potential for causing major impacts on the environment. It also implements environmental risk assessments at the planning stages of our business activities in order to prevent exposure. Our suppliers are also requested to enhance efforts to conserve biodiversity and promote the sustainable use of natural resources in their business activities for the establishment of a society in harmony with nature.

(2) Request Items

① Self-inspection of a Management System for Substances of Concern

Toyota Industries requests that self-inspection be conducted at its suppliers in order to thoroughly control substances of concern. We request that our suppliers conduct self-inspection of the requirements for the management system for substances of concern based on the “Check Sheet for Management System for Substances of Concern” and report on the results. In addition, we request that we be allowed to conduct audits as needed with the intent of confirming the actual management conditions at our suppliers.

② Nonuse of Prohibited Substances and Switching to Substitutions

Toyota industries established an engineering standard called “Control Rules for Substances of Environmental Concern” STSZ0001 in order to manage substances of concern in its own products and conduct prohibition of use, and restriction of use for each use application. However, as there are products that conduct switching to substitutions by complying with the self-regulation of our suppliers, we request your response when there is an individual request from Toyota Industries.

③ Information services on Inclusion of Chemical substances in Products (Submission of IMDS data or JAPIA Sheet)

Toyota industries has an obligation to report chemical data about the automotive components which Toyota Industries manufactures for its customers, and we are also implementing investigations into included chemicals of its non-automotive products based on our regulations. We request our suppliers to make reports with IMDS data or JAPIA sheet for automotive products and parts, and JAPIA sheet for non-automotive products and parts. As JAPIA sheet is revised every year, we request that they use the latest version specified by us.

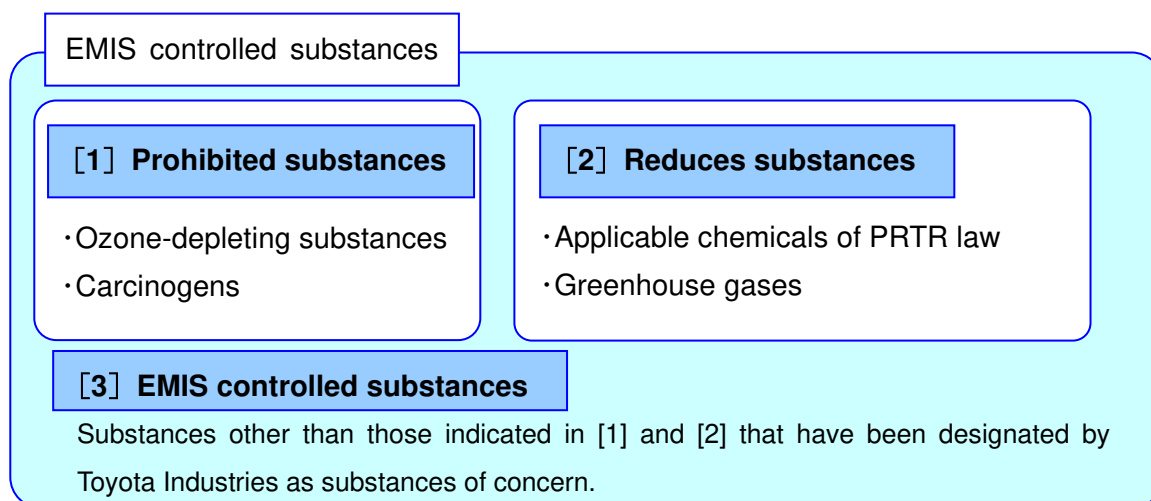
For raw materials and indirect materials, we implement prior assessment system such as SDS, Raw Material Composition Reports to determine whether they can be used, however, we also request that you to submit IMDS data or JAPIA sheet for applying to Toyota Industries products such as painting material, adhesive. If you wish to submit in a format other than IMDS data or JAPIA sheet, please check with the requesting department in Toyota Industries. Other than raw materials and indirect materials, we ask kind cooperation to our suppliers when receiving individual request from the responsible department in Toyota Industries when necessary.

④ Management of Substances of Concern Used in Toyota Industries’ Factories and Logistics Bases

The substances used in Toyota Industries’ factories and logistics bases are classified and controlled with the following categories: [1] Prohibited substances, [2] Reduced substances, and [3] EMIS controlled substances. They are managed according to the toxicity of the substance of concern (chemical substances) and the impacts they could have on the environment. We request that our suppliers respond as shown below.

i) Report on Substances of Concern

Toyota Industries is creating a management system for substances of concern with the intent of providing thorough control. Suppliers are requested to submit information on substances of concern, such as the ingredients in the corresponding products, applicable regulations and physiochemical characteristics.



(*) For details about EMIS controlled substance names, see Toyota Industries website.

https://www.toyota-industries.com/company/sustainability/item/toyota_industries_controlled_substances_list_E.pdf

Note that suppliers delivering packing, packing material and equipment for use in Toyota Industries factories, and subcontractors conducting construction, cleaning, and/or landscaping will receive individual request from the responsible departments in Toyota Industries when necessary.

ii) Non-inclusion of Prohibited Substances and the Substitutions of Reduced Substances

For the raw materials, indirect materials, or chemical agents delivered to Toyota Industries and used within the company, we request that prohibited substances not be included and substitutions be made from reduced substances. If substitute products and materials are available, we will give priority to their purchase, so we invite proposals. Of the reduced substances, strive to reduce the use of substances covered by the PRTR law, and volatile organic compounds (VOCs) in particular.

⑤ Enhancement of Conservation Activities of Biodiversity

Toyota Industries focuses on measures for conservation of biodiversity increasingly. Consequently, the entire Toyota Industries Group will connect varieties of conservation activities, and we will pursue group-wide measures including our supply chain to promote biodiversity preservation activity.

We may check with our suppliers on their efforts to conserve biodiversity and ask for cooperation with our concrete activities.

(Some examples of measures)

- Understanding of the impact our business activities and products have on biodiversity.
- Implement developing technologies and products, which contribute to biodiversity.
- Protecting endemic and rare species of the regions.
- Sharing activities for conservation of biodiversity among supply chain of suppliers.
- Creating habitats for life (biotope, etc.)
- Restoring vanished nature in different locations, in case of developing land.

Reference data: Nature Conservation Bureau, Ministry of the Environment

[Guidelines for private sector engagement in biodiversity 3rd Edition (Issued in 2023)]

<https://www.env.go.jp/content/000125803.pdf>

5) Glossary

- Conservation of biodiversity

For not to destroy nature by human species' activities, we, as a human conserve and recreate every species such as animals, plants, and microbe and an ecosystem, which is made by its chain.

- EMS

Environmental Management System

- LCA

Life Cycle Assessment. A method of evaluating environmental impact of products and services from designing and manufacturing to use and disposal with their life cycle.

- JAPIA (Japan Auto Parts Industries Association) sheet

It is a datasheet agreed in JAPIA Sheet meeting including Japan Auto Parts Industries Association to investigate into materials and substances contained in products with a view to meeting requirements on environmental regulations.

- SDS (Safety Data Sheet)

Material Safety Data Sheet. The data sheet includes necessary information on handling raw materials, which contain chemicals safely.

- Eco-efficiency

It is one of the environmental assessment indicators of products and services. The indicators are made as follows: Values of products and services divides by environmental impacts of their creation.

- REACH Regulation in EU

[Registration, Evaluation, Authorization and Restriction of Chemicals]: Take effect in 2007

It pursues business liability of chemicals management. Companies must understand and conduct risk assessment of chemicals of their products and use, since companies have an obligation to manage them through their supply chain.

- Waste Framework Directive (WFD) in EU

Fundamental decree of waste regulations in EU

It is required to register REACH substances of very high concern in the SCIP (Substances of Concern In articles as such or in complex objects (Products)) database from January 5, 2021.

- STSZ0001

TICO engineering standard Control Rules for Substances of Environmental Concern

- EMIS

Ecology Material Investigation System

Name of management system of chemicals in Toyota Industries

- PPTR

Pollutant Release and Transfer Register. A system for understanding, tabulating, and reporting on where hazardous chemicals are discharged to the environment.

- VOC

Volatile Organic Compounds

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